

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Internal

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Nicaragua

Post: Managua

FASTRAK Update

Report Categories:

Trade Policy Monitoring

Approved By:

Prepared By:

Jimmy Bolanos

Report Highlights:

This report provides an update on Nicaragua's FAS TRAK commercial issues.

General Information:

Trade Issue: Chalky Kernels in US rice

Commodities: Rice Paddy, Milled

Description of Problem:

For the last two years, Central American rice importers have complained about the high level of chalky kernels in US rice. Importers say that this rice does not have the cooking characteristics Central American consumers prefer (chalkiness leads to sticky rice). Discussions with the US have not resolved the problem, so Nicaragua has opened Unilateral Duty Free Tariff Rate Quotas (TRQs) for rice, that facilitate the importation of rice from South America, especially from Brazil. From Jan. to Oct. 2013 U.S. exports of rice to Nicaragua fell by 69 percent when compared to the same period in 2012. For more information about this issue please refer to the following GAIN report: [Nicaragua to Import less U.S. Rice in 2013 Managua Nicaragua 5-2-2013](#)

Value of estimated trade affected: US \$ 20 million

Trade Issue: Discretionary Permits for Potatoes

Commodities: Potatoes, Fr; Potatoes, Frozen

Description of Problem:

The General Direction of the Animal and Plant Health Protection of Nicaragua (DGPSA), the government agency that inspects produce entering Nicaragua, has been unfairly using its discretionary powers to deny import permit issuance for U.S. potatoes in order to protect domestic potato production. In 2013, post followed up two cases (one in May and one in August) in which importers couldn't get the import permits required by DGPSA and incurred in losses. From the two cases post followed, one importer got the permits very late and as a result had logistical difficulties in selling the potatoes. The other one never received the permits to import three containers of potatoes, valued at US\$ 44,000, equivalent to 5 percent of total U.S. potato exports to Nicaragua. Post reported this problem as a TBT to USTR and suggested to consider raising this issue in the next CAFTA-DR technical meeting.

Value of estimated trade affected: US \$ 500,000- 1,000,000

Note: Nicaragua has required imports permits since the signing of the CAFTA-DR. The problem now is that it is more difficult for importers to get the import permits than in the past due to DGPSA's protectionism of domestic production.

The other commercial obstacles that were previously reported in FAS TRAK for Nicaragua (Export restriction on dried beans, TRQ conversion factor of processed food (Kg. to Lt.), biotech presence on rice, zero salmonella standard on raw poultry, BSE beef restrictions) are no longer relevant since they are NOT affecting U.S. exports. In the following page you can find a short explanation of why the commercial issues are not affecting U.S. trade.

Export Restriction on Dried Beans:

The Government of Nicaragua (GON) continues to discretionally restrict the exportation of Nicaraguan beans. This is a domestic policy, that even though has an impact on Nicaragua producers, does not have any implications on U.S. exports.

Biotech Tests on Rice Imports:

Nicaragua tests for GM traces on grain imports (including rice). At some point in the past, rice importers complained that this was an unnecessary requirement because there wasn't any GM rice in the market. At that time, FAS Managua sent a letter to the Minister explaining that the rice being traded from the U.S. was GM free. The Minister responded that GM tests on grain imports were a requirement in Nicaragua and therefore couldn't be changed. This practice which is applied to all rice imports (including the U.S.) has not affected the entrance of U.S. rice to Nicaragua. Post has not got any complaints from the rice industry on this issue lately.

Zero Salmonella Standard:

Nicaragua is not applying any zero Salmonella Standard on raw poultry Imports.

In the past, Central American Countries proposed a Central American Technical regulation on Microbiological Criteria for Food Safety (RTCA 67.04.50:08) that included a zero salmonella standard for raw poultry. CA countries removed this standard from the regulation and agreed that each country had to develop its own standards. In 2013, Nicaragua developed its own technical norm for salmonella on raw poultry that includes standards very similar to the ones suggested by international food safety organizations: 14 percent (51/27) for processing plants, 20 percent (5/1) for retail level and zero percent for product registry.

BSE beef restrictions:

Nicaragua and the U.S. have controlled risk status equivalence for BSE. There is no problem with U.S. beef imports so far. This is an old issue reported in 2008.

TRQ conversion factor (Kg. to Lt.):

Post is not aware of any complaints from the Industry on the conversion factor for processed food.